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HONOLULU  
CIA Wants Investment Probe Halted

The CIA has asked the Internal Revenue Service to temporarily halt its inquiry of a Honolulu investment firm for fear of blowing an agent's cover, according to newspaper reports Friday.

CIA agents feared the undercover agent's real name and code name would be found in the files of Ronald R. Rewald, whose investment firm was declared bankrupt last year.

Federal and state regulatory investigators say that \$17 million put in the investment company by an estimated 300 investors is missing.

Rewald, who attempted suicide last July after a television station's report of his financial problems, has been in jail unable to post bond. He is charged with first-degree theft by deception. The Securities and Exchange Commission has charged him and the firm, Bishop, Baldwin, Rewald, Dillingham & Wong, with securities fraud and submitting false information.

Neither The Honolulu Star-Bulletin nor The Honolulu Advertiser identified their information sources.

The Star-Bulletin said CIA officials came to Hawaii in February or March 1983, and removed references to the agent from Rewald's files.

Agents again came to Hawaii last July and removed six envelopes of "classified material" from Rewald's files, the Star-Bulletin reported. Those envelopes then were sealed under a federal court order requested by the CIA.

U.S. District Judge Martin Pence, who reviewed the materials, said they had nothing to do with the missing investors' money. He also said Rewald had only a "slight involvement" with the CIA.

Hawaii bankruptcy officials say CMI Corp., which Rewald formed in Milwaukee, Wis. in the 1970s, was used as a CIA mail drop.

The newspaper said Rewald, who also allowed his firm to be used as a CIA mail drop, filed reports with John Kindschi, former CIA station chief in Honolulu. Kindschi joined Rewald after severing his CIA ties.

Kindschi and his replacement, Jack Rardin, paid certain telephone bills and other expenses for two other CIA fronts in Honolulu, the newspaper quoted bankruptcy administrator Thomas Hayes as saying.

Those firms were identified from documents found in Rewald's files as Canadian Far East Trading Co., and H&H Enterprises. The Advertiser said Canadian Far East was terminated in 1980.

The CIA Honolulu office referred reporters to the agency's headquarters outside Washington, D.C., where spokesman Dale Peterson declined to comment on the newspaper reports while Rewald's case is in litigation.

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Rewald's extravagant lifestyle apparently led to the IRS investigation, the newspaper said. That included using a chauffeured limousine to take his children to baseball practice.

The Star-Bulletin said Rewald's CIA contacts go back to when he was a college student in Wisconsin. The newspaper quoted unidentified sources as saying Rewald worked in a CIA project in which students infiltrated radical student groups to see if they were controlled by foreign governments. The newspaper also said the CIA arranged for Rewald to receive bogus diplomas from Marquette University in Milwaukee.

The Star-Bulletin also said Rewald contributed \$2,000 in September 1982 to help finance an excursion into Cambodia by former Army Special Forces officer James "Bo" Gritz to search for Americans missing in action in Southeast Asia.

The newspaper said in its interviews with former Rewald business associates, they claimed Rewald met with an Afghanistani refugee in Waikiki after the 1980 Soviet Union invasion. Allegedly, the man was seeking firearms from the United States.

The newspaper said another Rewald associate was asked by Rardin to file reports with him about his travels to the Far East.